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SUBJECT: BELARUS WEEKLY POL/ECON REPORT - September 19, 2008

11. The following are brief items of interest compiled by Embassy Minsk.

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----- Civil Society -----

12. Brest Opposition Activists Arrested

A Brest district court sentenced opposition activists Yevgeniy Skrebets and Mikhail Ilyin to five days in jail on September 15. Police detained the two activists for distributing leaflets that called for boycotting upcoming elections, and charged them with using profanity in public. They also searched Ilyin's apartment and seized printed materials. Ilyin protested that the police continued to crack down on opposition forces prior to the elections.

13. Police Violently Disperse Solidarity Demonstration

Police violently dispersed an unsanctioned "Solidarity Day" protest -- marking the disappearances of opposition figures in 1999 -- in central Minsk September 16. Approximately 40 opposition members and families of the disappeared in 1999 prominent politicians gathered to mark the anniversary of their abduction. Riot police brutally pushed the demonstrators out of the central square and beat a number of well-known opposition figures, including Belarusian Popular Front first deputy chair Vintsuk Vyachorka and his son Franak. The activists registered their injuries and appealed to prosecutors.

14. Soligorsk Malady Front Activist Detained

On September 15, police briefly detained Malady Front (MF) activist Andrey Tychina in Soligorsk. Law enforcers apprehended Tychina when he was distributing copies of the local independent newspaper "Svobodny Soligorsk" and handcuffed the activist to transport him to a police station. He was released an hour later without official charges. Police seized 40 copies of the newspaper.

15. Central Election Commission Releases Statistics

On September 12, Central Election Commission (CEC) Chairwoman Lidiya Yermoshina announced at a press conference that 279 candidates were running for the parliament. 63 of those represent opposition political parties. Yermoshina also informed that the CEC had already registered 205 international observers and over 600 local observers. Over 520 applications from international organizations were still pending. Lida-based Belarusian Popular Front member Stanislav Sudnik reportedly withdrew from the race on September 17, so the number of candidates decreased further to 278.

----- Domestic Economy -----

16. Statistics Ministry Reports Significant Price Increases through August

According to news stories, Belarus' Statistics Ministry reported on September 15 that consumer prices grew through August by 8.3 percent. The rise of prices on non-food products was 5.3 percent, while food became more expensive 7.5 percent on the average.

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17. U.S. Manufacturer of Fertilizers Sues Russian, Belarusian and Canadian Competitors

The Interfax news agency reported September 15 that the U.S. manufacturer of mineral fertilizers Min-Chem Inc. sued some of the world's leading producers that supply 71 percent of the world potassium market in a Minnesota county court. The plaintiff believes Russia's Uralkaliy and Silvinit, Belarus' Belaruskaliy and several Canadian companies made coordinated efforts in 2003-2008 to inflate the prices of potassium fertilizers in the United States. Uralkaliy reported that the same companies were sued in an Illinois court. Uralkaliy has already voiced their commitment to actively defend their interests in court.

18. National Bank Registers Belarusian-Iranian bank

Belarus' National Bank posted on its website a press-release on the September 12 registration of the Belarusian-Iranian joint stock "Trade Capital Bank" (TC Bank). The founders of the bank are Iran's Tejarat bank and Belarus' Lada OMC-Holding. The bank's charter fund is above Euro 5 million.

19. Belarus' Foreign Debt is above USD 14 Billion

According to Belarus' National Bank statistical report cited in the press September 16, the country's aggregate foreign debt as of July 1 was USD 14.1 billion. The debt has grown 13 percent since January. The biggest shares in the growing debt belong to commercial banks and some unnamed sectors of the economy: 30.6 percent and 11.9 percent respectively.

110. World Bank Group Notes Improvement in Belarus' Business Code

According to the Prime-TASS news agency, officers of the World Bank and International Financial Corporation (IFC) in Minsk presented the new "Doing Business 2009" report on September 15. They noted Belarus' rating improved significantly, as the country heightened its rank from 115 in 2008 to 85 in 2009. The World Bank Group's report (www.doingbusiness.org) provides quantitative indicators on business regulations and the protection of property rights in 181

economies. The reports evaluated Belarus' regulations that directly affect the ability of businesses to grow and create jobs and identified improvement in regulatory reform practices.

Foreign Trade

¶11. Economy Ministry Reverses its Tough Mark-up Control Regulations

According to various news agencies reports, Belarus' Economy Ministry passed resolution 183 on September 10 to void many of the most prohibitive regulations introduced by the same Ministry's resolution 179, which was passed in late August. The original plan of limiting wholesale and retail price mark-up on all imported goods to the total of 30 percent caused the most active and organized protest in the country's business community, which obviously scared the government. The new resolution allows 30 percent mark-up for importers/wholesalers and the total of 30 percent for retailers. Leaders of the Belarusian business community call resolution 183 a sensible compromise between business and the government and claim it satisfies their communities 95 percent. The resolution exempts about 40 types of imports, primarily food products, from any mark-up limits.

Quote of the Week

¶12. Answering questions of Euroradio on September 15 and commenting on the potential removal from the EU travel ban list, the Chairperson of Belarus' Central Election Commission Lidiya Yermoshina said she is sick and tired of traveling to Turkey and Egypt for vacation and is looking forward to visiting Europe:

"I am afraid to believe this happiness is possible. If that happens, yet next year I will be able to select a travel to my liking. I would certainly love to see Paris, Venice and certainly Spain. This is my dream. I am an educated girl and I take interest in museums. Seeing them is the most important thing for me".

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